

CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

COUNTRY Poland

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SUBJECT Polish Import-Export Agency for Leather/
 Foreign Trade Statistics

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THIS IS UNEVALUATED INFORMATION

1. None of the positions in the Import-Export Agency for leather are held
 by Soviet personnel. Ministers in the various industries were Poles,
 but [] they held the position in name only and took their
 orders from a Soviet. Directives were handed down to the Minister from
 Moscow. The Minister of Light Industry then called the Director for
 the leather industry and explained the directive received from Moscow.
 Only that portion of the directive concerning the leather industry would
 be made known to our director. Upon his return from Warsaw, the director
 would hold a conference with the Planning Division Chief, and, without
 mentioning the directive, advise him that import and export plans had
 been altered.

2. [] enterprise had no permanent representatives abroad. The Foreign
 Trade Organization had commercial attaches in various foreign countries
 who represented the enterprise in many instances. Occasionally the chief
 of the division would be sent abroad to represent the enterprise. A
 standing order received from the Ministry stated that it would be
 advisable to send a representative whenever large amounts of goods or
 money were involved.

3. The enterprise imported approximately 2,000 tons tanning material yearly
 from South Africa, South America, Turkey, Italy and France. No tanning
 material was exported. Approximately 100,000 raw hides were imported
 from Brazil and Argentina. Of these, 40,000 hides were exported to
 Satellite countries. Approximately 100,000 tanned skins were exported
 to Finland and Holland. None were imported. [] estimate production
 of hides in Poland at 100,000 skins; imports from Argentina in 1951/52
 at 95,000 skins; and imports from Satellite countries in 1952, none.

4. Import and export prices were based on US and UK prices quoted and
 published monthly in the "Leather Trade Review." In addition, commercial
 attaches would send current monthly price lists to the various countries.
 Our prices varied approximately five cents either way. A basic policy
 of the export division was not to overcharge for fear the "Skorimpex"
 would be black-listed when export prices were listed in foreign trade
 publications.

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5. A profit of from 1000 to 2500 per cent was realized on leather imports sold within Poland. Shoes imported at \$7.00 per pair sold for 800 to 900 zlotys (\$200 to \$225). On export articles sold within Poland approximately the same profit was realized. The negative price difference (Ujemna Roznica Wyrownawcza) (difference between home price and export price) scale was used. A pair of leather gloves exported at \$1.50 per pair could be purchased on the Polish market for 130 zlotys (approximately \$32.50). Articles marked for export sale were stored in warehouses because the people in Poland could not afford to pay the price. Rather than lower the price, the goods were left in the warehouse to rot away. No "loss" differentials are paid to Polish enterprises on export commodities because they are State owned and operated.
6. Only raw hides were imported. During the six-month-period preceding my departure, "Skorimpex" imported 50,000 skins. It is difficult to ascertain the accurate figure of leather imports [redacted] 25X1
[redacted] An order to import \$100,000 worth of raw hides would be received on Monday; Wednesday [redacted] told to decrease the order by \$50,000. On Friday, [redacted] receive notice to cancel the order temporarily. These procedures went on continuously. Another factor which regulated the quantity of leather imports was the amount of US currency in the treasury. Each and every transaction, import and export, was paid for with US currency. 25X1
7. Raw hides were imported from Buenos Aires, Rio de Janeiro, and Mombasa, Kenya. Special raw hides were imported from Northern Italy (Milan) until last year /1952/. Import relations with Italy were broken off early this year /1953/ because Italy wanted to sell Lombardy raw hides without inspection. [redacted] wanted one of its representatives to go to Italy in order to pick out the hides [redacted] but Italian authorities refused to issue a visa stating they wanted no Communists entering their country. 25X1
8. The problem of domestic supply of hides was the responsibility of the Ministry of Home Trade or the Ministry of Light Industry. [redacted] domestic supply of hides averages between 150,000 and 200,000 skins. All types of hides in Poland are classified as standard. Domestic hides are used in the manufacture of shoes and other leather goods for home use and only a small percentage for export. 25X1
9. The Ministry of Foreign Trade has an organization similar to that of the leather industry. Planned procurement for military and stockpiles comes under the jurisdiction of the military authorities. At no time were accurate figures for military purposes made known to other agencies.
10. Poland entered into the export trade of calf skins to the US primarily for US currency. Import and export trade with all countries except the Soviet Union was based on the US dollar which was in greater demand than the English pound. The import division was instructed by the Ministry in April or May of 1953 that in the future efforts should be made to pay with coal rather than US dollars for imported goods.
11. Leather for shoes and at times leather gloves were primarily exported to the USSR. The leather and the leather goods were sold at current market prices, but payment for them was in rubles. Leather trade with the USSR is disadvantageous to Poland from a financial point of view because the ruble will purchase needed goods in Satellite countries only. Export to the USSR is held to a minimum; nevertheless, [redacted] no instance when an order received from the USSR was rejected or not fulfilled. 25X1
12. Poland's import plan was always fulfilled. In 1952 the plan was fulfilled 110%. On the other hand only 45% of the export plan was fulfilled. Failure to fulfill the export plan was due to the high prices placed on the various commodities.

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13. Procurement of leather from the West was held to a minimum. Only raw hides were imported so that the Poles would have employment. All procurement was on a cash basis--no exchange.
14. The only shortage of leather encountered was that for shoe repair. In its place a low grade of rubber was substituted. This rubber sole would disintegrate after two or three weeks of constant wear. Cost for resoling shoes was approximately \$40.00 per pair.
15. Leather supply was plentiful if US currency was plentiful. All shipping arrangements were handled by the transportation division [redacted] 25X1
[redacted] 25X1
[redacted] when the transaction was completed. The transportation chief would arrange for the necessary shipping. Since the transportation division made its plans on a yearly basis, there were certain bottlenecks. On occasions empty ships had to stand by, while at other times the export goods remained on the docks for days. Gdynia and Szczecin were the two main ports used. 25X1
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16. [redacted] constantly reminded that trade with non-Communist countries is necessary and useful. [redacted] agency was directed to import goods for the lowest price possible and export goods at the highest price possible. When dealing with non-Communist countries [redacted] were not to favor one over the other. As an inspiration to all, [redacted] eventually all non-Communist countries will fall and all their possessions will be ours. 25X1
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17. Soviet exploitation of Polish companies is taking place. To what extent and what items is known by the Ministers. [redacted] many strategic items are sent to the USSR even though they may be needed in Poland. It must be understood that import and export of commodities within the Iron Curtain countries has no boundaries. There is but one consumer. 25X1
18. Figures and percentages on Polish Foreign Trade published in Polish newspapers are a matter of convenience. All trade and production percentages are classified top secret. It is apparent then that those figures in the newspapers are entirely incorrect. Our director had constantly warned us not to discuss import or export figures with friends or relatives at home. This being another indication that percentages published in the Polish newspapers are false.
19. In June 1953 a contract was negotiated between Poland and China. Poland planned to import approximately 100,000 goat skins on a credit basis. All credit arrangements for the transaction were handled by the Ministry. 25X1
20. [redacted]
21. [redacted] Poland exports steam locomotives manufactured in Poznan to China. As to the export of cotton, silk and wool, [redacted] not able to state what amounts and to whom these were exported [redacted] 25X1
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